



**C.C. MYERS, INC.**

3286 FITZGERALD ROAD  
RANCHO CORDOVA, CA 95742

An Equal Opportunity / Affirmative Action Employer

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**LETTER OF TRANSMITTAL**

<b>Document No:</b> 215-STT.00014
<b>Dated</b> Jul 07 2004 <b>Job No.:</b> 215
<b>Attention:</b> Mr. Kenneth Loncharich
<b>Re:</b> 04-0120R4
SFOBB South Detour

**To:** State of California  
333 Berma Road  
Oakland CA 94607



**We are sending you:**

Attached

Via Fax

Drawing

Plans

Prog. Pmt

Samples

Certificates of compliance

Calculations

Payroll

Specs

Copy of Letter

Change Order

Schedule

Invoice

Copies	Item	Date	Description
1	01	Jul 07 2004	State Form CEM-6201B: Notice of Potential Claim No. 1

**These are transmitted as checked below:**

For Approval

For Review/comment

Return For Correction

For Your Use

As Requested

For Information

**Remarks:**

**Signed:**   
Robert Coupe  
Project Manager

Copy To: MD

File: 215-101, 215-9901

000754

62.00

FOR STATE USE ONLY	
Received By <i>W</i>	Date 7-7-04
(For resident engineer)	

TO	CONTRACT NUMBER	DATE	IDENTIFICATION NUMBER
KEN LONCHARICH (resident engineer)	04-0120RA	7/7/04	1

This is a Supplemental Notice of Potential Claim for additional compensation submitted as required under the provisions of Section 9-1.04, "Notice of Potential Claim," of the Standard Specifications. The act of the engineer, or his/her failure to act, or the event, thing, occurrence, or other cause giving rise to the potential claim occurred on:  
DATE: JUNE 8, 2004

The particular nature and circumstances of this potential claim are described in detail as follows:

SEE ATTACHMENT A

(attach additional sheets as needed)

The basis of this potential claim including all relevant contract provisions are listed as follows:

SEE ATTACHMENT B

(attach additional sheets as needed)

The estimated dollar cost of the potential claim including a description of how the estimate was derived and an itemized breakdown of individual costs are attached hereto.

SEE ATTACHMENT C

(attach sheets as required)

A time impact analysis of the disputed disruption has been performed and is attached hereto. The affect on the scheduled project completion date is as follows:

SEE ATTACHMENT D

(attach time impact analysis as required)

The undersigned originator (Contractor or Subcontractor as appropriate) certifies that the above statements and attached documents are made in full cognizance of the California False Claims Act, Government Code sections 12650-12655. The undersigned further understands and agrees that this potential claim to be further considered, unless resolved, must fully conform to the requirements in Section 9-1.04 of the Standard Specifications and must be restated as a claim in the Contractors written statement of claims in conformance with Section 9-1.07B of the Standard Specifications.

C.C. MYERS, INC.

SUBCONTRACTOR or CONTRACTOR  
(Circle One)

*Robert W. G.*  
(Authorized Representative)

For a subcontractor potential claim

This notice of potential claim is acknowledged, certified and forwarded by

PRIME CONTRACTOR

(Authorized Representative)

## **Notice of Potential Claim No. 1**

### **Attachment A**

On June 8, 2004, we received State Letter 25, which was in response to our letter 215-STL.0002 with which we requested that the State issue a Contract Change Order to compensate us for the price escalations for the steel products required for the project. These escalations are being caused by the worldwide instability in the steel market. The State's letter denied the issuance of a change order and additional compensation. This market volatility is affecting many aspects of our project. We are experiencing increases in the cost of raw materials for all steel products, including piles, casings, structural steel, prestressing steel and reinforcing steel, to name a few. The structural steel influence also affects the procurement of our column forms and falsework/shoring material for the project. The lead time for procuring steel products is also increasing, which is causing delay. Delivery times of up to four months for steel raw materials are being experienced.

Subcontractors to C. C. Myers, Inc. that are incurring costs associated with this matter and are herewith submitting notices of potential claim include AVAR Construction Systems, Inc., Harris Salinas Rebar, Inc., Danny's Construction Company, Inc., Condon-Johnson & Associates, Inc. and Pacific Mechanical Corporation.

## **Notice of Potential Claim No. 1**

### **Attachment B**

This is an industry wide problem and not specific to this project. It is worldwide and beyond our control. The continually changing conditions in the steel market are unpredictable and unprecedented. The condition has created a *force majeure*.

The Utah Department of Transportation has recently adopted a program for protecting both themselves and their contractors from such volatile market conditions. They are establishing an index for determining price adjustments and are reimbursing their contractors for such radical price fluctuations. Other states recognize that this is a cardinal change and are following suit.

## Notice of Potential Claim No. 1

### Attachment C

The exact value and impact to the project cannot yet be determined. Every aspect of the project involving steel products is affected, such as reinforcing steel, structural steel, prestressing steel, steel pile, stay in place deck forms, CIDH pile casings, micropiles, tiedown piles, electrical conductors/components, water pipes, column forms, falsework and shoring material. We are experiencing both price increases and project delays due to this problem.

A summary of some of the costs that can be estimated are as follows:

CIDH permanent casings	\$50,000
Micropiling bar	\$37,000
Prestressing steel	\$43,000
Rebar	\$525,000
Pipe piling	\$45,000
Column forms	\$26,100
Structural steel	\$850,000

## **Notice of Potential Claim No. 1**

### **Attachment D**

The lead time for procuring steel products is increasing, which is causing delay. Delivery times of up to four months for steel raw materials are being experienced. Additionally, the delivery dates are not being met by the suppliers/fabricators thus adding another layer of difficulty in scheduling and avenue for delay.

Examples of steel orders that have experienced delay thus far are as follows:

The steel pipe piles for the project were ordered in January with an anticipated delivery in April. To date, we have not received delivery of this material. It is currently anticipated that the delivery will take place in early August. If this is the case, the delay to the project will be minimal due to the project suspension under Contract Change Order No. 14.

The steel casings for the CIDH piles were ordered in mid June with an expected delivery of early October. This is longer than originally anticipated. Any actual delay to the project due to the late delivery of these casings will have to be determined once the delivery takes place.

Structural steel orders are taking four months to reach the fabrication facility in China.

Due to the uncertainty of the dates of delivery, in each case, any actual delay suffered by the project can only be determined once the delivery actually takes place. Time Impact Analyses will be performed at those times to determine the impact to the project for each delivery,